



THOMAS L. GARTHWAITE, M.D.  
Director and Chief Medical Officer

COUNTY OF LOS ANGELES  
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October 27, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.   
Director and Chief Medical Officer

SUBJECT: **UNITED STATES DEPARTMENT OF HEALTH AND HUMAN  
SERVICES, OFFICE OF INSPECTOR GENERAL- 340B DRUG PRICING  
SURVEY REQUEST**

This is to inform you that the United States Department of Health and Human Services, Office of Inspector General (HHS-OIG), Office of Evaluation and Inspections requested, as part of their current evaluation of the 340B Drug Pricing Program, that DHS provide a copy of the invoices for 340B drug purchases for LAC+USC Medical Center for the month of June 2005. The 340B Drug Pricing Program is administered by the Health Resources and Services Administration (HRSA), a division of HHS. DHS outpatient facilities participate in the Federal 340B Drug Pricing program, which provides substantial discounts for outpatient drug purchases. In addition, DHS negotiates with pharmaceutical vendors for "sub-ceiling" 340B prices, intended to maximize the value of our pharmaceutical budget.

The Inspector General Act of 1978 (the IG Act) directs the OIG to undertake evaluations, audits, and investigations of Health and Human Services programs. Under the 340B Drug Pricing Program, pharmaceutical manufacturers are required to sell their drugs to qualified entities at or below a specified price, known as the 340B ceiling price. The LAC+USC Medical Center were randomly selected as an entity to take part in this OIG survey and submission of outpatient drug invoices. The OIG has informed DHS that the focus of their review is on the 340B Drug Pricing Program itself, and not on the specific conduct of individual entities that participate in the program. All information collected will be reported in the aggregate with no mention of individual entities in the published report. If the OIG discovers price discrepancies between the prices charged and the 340B ceiling price, they intend to select specific cases for further evaluation to explore the possible reasons for the discrepancies.

DHS consulted with County Counsel, who concurred that full cooperation with the OIG request was appropriate. On October 24, the online survey was completed, and the requested drug purchase invoices were forwarded to the OIG, marked as confidential and proprietary. The OIG agrees to treat as confidential all documents and information indicated as such, pursuant to 18 U.S.C. Section 1905 and its own policies. Confidential proprietary information is also protected from disclosure by the Department of Health and Human Services' Freedom of Information Act (FOIA) procedures set out in 45 C.F.R. Part 5. These regulations provide that our organization will have notice and an opportunity to object prior to any release of confidential information pursuant to the FOIA.

Please let me know if you have any questions or need additional information.

TLG:ag

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors